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SYSTEM AND METHOD FOR CAUSING MULTIPLE PARTIES
TO BE PAID FROM A SINGLE CREDIT CARD TRANSACTION

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This application is a continuation-in-part (CIP) of U.S. Application Serial No. 09/195,105, filed Nov. 18, 1998, which is a CIP of 08/726,928, filed 10/3/96, which is a CIP of 08/438,890, filed May 10, 1995 (Patent No. 5,799,283, the disclosures of which are all hereby incorporated herein by reference.

SYSTEM AND METHOD FOR CAUSING MULTIPLE PARTIES
TO BE PAID FROM A SINGLE CREDIT CARD TRANSACTION

10 This invention relates to a system for automatically forwarding retail sales transaction information and corresponding sales tax data from individual retailers to a centrally located remote location such as a government taxing authority using a tax register. More 15 particularly, this invention relates to a system and method for ensuring that substantially all retail transactions upon which sales tax is collected are reported to and collected sales tax is paid over to government authorities for subsequent annual tabulation 20 and submission to the IRS, the system and method utilizing a tax register disposed at each retail location

and central computers and memories disposed at state and federal offices.

BACKGROUND OF THE INVENTION

The tax laws in the United States are set up so as

5 to require retailers throughout the country to report all transactions made with consumers. For example, each time an appliance retailer sells a refrigerator or television to a consumer, the retailer is required to report the transaction and the amount of sales tax collected to

10 state and/or federal government authorities for tax purposes. Unfortunately, many retailers (e.g. appliance stores, restaurants, furniture stores, automobile dealers, tour services, computer venders, etc.) do not report each and every cash transaction made with

15 consumers to the state and/or federal governments, either intentionally or unintentionally. By not reporting all (e.g. cash) transactions, retailers avoid declaring their actual total gross income in their federal and state income tax returns thus putting themselves in a position

20 to keep the sales tax collected from consumers on such transactions for their own enrichment.

Most states throughout the United States have legislated a percentage based sales tax on retail goods sold to consumers. Sales tax rates and the items taxed vary from state to state. In most states, a Certificate 5 of Authority is issued by the state government to retail establishments, this certificate authorizing retailers to collect sales tax from public consumers and then, in turn, pay over all collected sales tax proceeds to the state treasury. When cash transactions occur or 10 inadequate records are kept, retailers sometimes fail to report the transactions and do not turn over the sales tax collected thereon. This, of course, adds up to a significant loss for state and federal treasuries as more and more retailers accidentally forget or neglect to 15 report transactions and turn over the resulting collected sales tax.

Currently, most individual states employ numerous auditors whose job it is to monitor and enforce proper reporting of sales tax transactions and the corresponding 20 turning over of sales tax collected by retailers to the state treasury. Such auditors travel from retailer to retailer thereby visiting numerous retailer

establishments at which the auditors "check the books and records" of the retailers for error (intentional or unintentional). In the event that an unreported cash transaction occurs or the paperwork is unavailable, the 5 unreported transaction is undetectable and the auditor is at a loss to enforce the particular tax laws at issue.

Currently, tax laws and retailers are set up so that retailers typically charge the required sales tax in most consumer transactions. Generally, retailers are 10 collection agents for the government who collect, hold, and use for extended periods of time collected tax money which belongs to the government. However, consumers and state taxing authorities have no way to verify that all transactions made by the retailer and sales tax dollars 15 collected thereon are reported to the state treasuries.

In other words, retailers are currently on an "honor system" requiring them to report all retail sales to the proper authorities and pay over the corresponding sales tax amounts collected thereon. Unfortunately, as with 20 all "honor systems", the reporting of some transactions goes unreported, either intentionally or unintentionally, thereby resulting in both retailer unjust enrichment and

tax law unenforceability. The consumer has no way of knowing if the collected sales tax is being turned over to the appropriate authorities.

With the advent of the Internet, e-commerce and
5 electronic shopping, more and more retailers, brokers, agents, and auctioneers are selling each other's products or services on which they earn commissions, fees, royalties, and the like. Keeping track of all such payments due to parties to or relating to a transaction,
10 of keeping track of all payments due from another party becomes complex in many instances. Moreover, the time delay in making such third party payments slows cashflow of those entitled to receive the same. In sum, record keeping involved with accounting for all of these third
15 party payments and the actual paper work and check writing involved may be costly and time consuming. Thus, there exists a need in the art for a point of sale credit card payment system for allowing multiple payments to be made to various payees from a single (or multiple in
20 certain embodiments of this invention) credit card transaction or any other type of electronic payment.

It is apparent that there exists a need in the art for a system and method which eases the paperwork burden, accelerates cash flow and reduces the need for keeping track of third party payments. Additionally, it is

5 apparent from the above that there exists a need in the art for a system and corresponding equipment and method to be implemented which increases the percentage of retailer transactions and collected sales tax forwarded to state and federal government agencies. By ensuring

10 that a larger percentage of retail transactions are reported to taxing authorities and that a greater amount of the overall sales tax collected by retailers is paid over to state treasuries, local and federal economies can be more efficiently run and a lesser number of violators

15 will slip through the cracks. It is also desirable that such a system and method have the flexibility for adaptation to other types of taxing of goods and services such as, but not limited to, a potential value added tax system.

20 U.S. Patent No. 5,335,169 discloses a system for tracking multiple rate assessments on transactions. The '169 patent discloses a computerized system for tracking

multiple rate assessments on transactions with customers of a user of the system and includes a computer having a processing unit, memory storage, input, display, and other programmable devices. The object of the '169 5 patent is to implement a system capable of automatically tracking appropriate sales tax rates, sales types, and taxing jurisdictions for the user based upon a limited set of transaction designations. While the system of the '169 patent enables the user to keep track of appropriate 10 sales tax rates, sales types, etc., the system does not act to ensure that all retailer transactions and sales tax collected thereon are reported and forwarded to the appropriate authorities.

U.S. Patent No. 5,138,549 discloses an automated tax 15 deposit processing system for automatic processing of payroll, corporate profit, and excise taxes. A depositor, via a computer link, engages in a question and answer exchange with one of a multiple number of voice synthesizers connected to a processor, in accordance with 20 the '549 patent. Through the exchange, the depositor enters tax deposit information which the processor stores in its memory. At the end of a particular time period,

the processor stores tax deposit information relating to tax deposits due the same day on a storage medium in format(s) predefined by the government agency. The processor also stores tax deposit information entered 5 during the specified time period on a second storage medium so as to enable a bank to automatically transfer tax deposits from each depositors account to a bank account. The system of the '549 patent also includes remote communication terminals connected by links to the 10 processor through which information on depositors and tax deposit due dates is entered. While the system of the '549 patent decreases lobby traffic in banks and personnel time involved in accepting and processing tax deposits, it does not function as does the instant system 15 and method to automatically ensure that substantially all retail transactions and sales tax collected thereon are automatically reported and forwarded to the appropriate state and/or federal authorities.

U.S. Patent No. 4,144,567 discloses an electronic 20 register which enables tax-calculating data to be stored in a memory. In a registration mode, amounts of articles bought by a customer or consumer are stored in the memory

of an electronic circuit to calculate a total amount of
all articles sold. The total amount calculated is
printed on a receipt and a journal sheet. In a tax set
mode, tax data showing the relationship between a taxable
5 amount and a tax assessable thereon is stored in a tax
data memory by operation of an entry key and tax key.
Tax determined is stored in a buffer register so that
after calculation of a tax by the tax calculation
circuit, a print instruction is given which impresses the
10 calculated tax stored in the buffer register. Later, the
contents of the buffer and those of the sales amount
memory are added together and stored in a memory. While
the register of the '567 patent discloses a useful
register for retailers, it does not act to automatically
15 or ensure that all retail transactions and sale tax
collected thereon are reported and forwarded to the
appropriate authorities.

Conventionally, sales taxes are collected when goods
are purchased and delivered into the same State (e.g. New
20 Jersey). "Use tax" is supposed to be paid by buyers when
same take delivery by parcel post in the buyer's home
state (i.e. across state lines). Unfortunately, buyers

often do not pay the required "use tax" given such circumstances. For example, if a buyer purchased a computer from a company in New York and it was shipped to Virginia, via UPS, the seller would not collect New York
5 sales tax. However, the buyer is legally obligated to go to the Virginia Tax Office and pay a six percent (6%) use tax to the State of Virginia. Millions, and possibly billions, of dollars are lost annually in unpaid "use
10 tax". This problem is magnified in situations where sales are made via the Internet and the like.

It is a purpose of this invention to fulfill any or all of the above-described needs, as well as other needs apparent to the skilled artisan from the following detailed description of this invention.

15

SUMMARY OF THE INVENTION

An object of this invention is to fulfill any or all of the above described needs in the art.

Generally speaking, this invention fulfills any or all of the above-described needs in the art by providing
20 a system for making payments to a plurality of third

party payees from a single credit card purchase in which a credit card is used, the system comprising:

at least one computer located at a merchant or retailer location, the computer including software
5 therein for calculating commissions and other fees due to third parties from a credit card purchase;

said at least one computer including means for causing multiple party payment information indicating to whom payments are due from the credit card purchase to a
10 credit card company; and

means for enabling one of the credit card company and the at least one computer to pay fees due to a plurality of third parties from the credit card purchase based upon the multiple party payment information
15 received by the credit card company from the merchant or retailer.

In certain embodiments, a communication link connects the at least one computer to the credit card company, the link permitting the at least one computer to
20 instruct the credit card company to make multiple payments to parties related to the transaction.

The credit card company may include one of an issuing bank, an acquiring processor, and a receiving bank.

In certain embodiments, the at least one computer
5 includes means for accessing an account of the customer via the credit card company and debiting an amount of price of sale, tax and fees, and means for automatically crediting accounts of the seller and third parties by amounts owed them relating to the purchase.

10 This invention further fulfills any or all of the above described needs in the art by providing a method of making payments to a plurality of third party payees from a single credit card purchase in which a credit card is used, the method comprising the steps of:

15 a consumer initiating a credit card transaction purchasing goods or services from a merchant or retailer using a credit card via a packet switched data network such as the Internet;

at least one computer at a location of the merchant
20 or retailer, the at least one computer totaling price of the goods or services, taxes thereon, freight and other fees, thereby resulting in a total price;

charging the total price to the consumer's credit card, thereby completing the credit card transaction;

the at least one computer determining commissions, taxes, freight, and other fees due to third parties for
5 the transaction; and

the at least one computer causing multiple payment instructions to be forwarded to a credit card company, the multiple payment instructions being indicative of third parties to whom payment amounts are owed for the
10 transaction.

In certain embodiments, the credit card company causing the third parties to be paid amounts owed to them for the transaction, based upon the multiple payment instructions from the at least one computer.

15 This invention will now be described with reference to certain embodiments thereof as illustrated in the following drawings.

IN THE DRAWINGS

Figure 1 is a block diagram flow chart of an
20 electronic point of sale tax reporting and automatic

collection system according to a first embodiment of this invention.

Figure 2 illustrates a consumer receipt to be printed from a retailer register according the first 5 embodiment of this invention.

Figure 3(a) is a block diagram of components of the system according to the first embodiment of this invention set forth in Figures 1-2.

Figure 3(b) is a flow chart illustrating a way in 10 which the retailer register of the first embodiment may process and forward retailer transactions and collected sales tax data to a government office.

Figure 4 is a block diagram flow chart of a manual point of sale tax reporting and collection system 15 according to a second embodiment of this invention, this second embodiment utilizing a declining register to be used by the retailer in order to ensure efficient sales tax collection by government authorities.

Figure 5 is a flow chart according to the Figure 4 20 embodiment to this invention, this Figure illustrating the manner in which the declining register operates in

order to print consumer receipts indicating the amount of sales tax collected by the retailer from the consumer.

Figure 6 is a flow chart/block diagram according to an embodiment of this invention wherein tax (e.g. "use 5 tax") on sales made over the Internet, catalog, world wide web, direct mail, etc. is automatically charged to the buyer and reported to the IRS and forwarded to the appropriate State Treasury.

Figure 7 is a block diagram/flowchart illustrating another embodiments of this invention where a computer located at a retailer or merchant location calculate multiple payments owed to different third parties from a single credit card transaction, and causes each of those third parties to be paid amounts owed to them.

15 DETAILED DESCRIPTION OF
CERTAIN EMBODIMENTS OF THIS INVENTION

Referring now more particularly to the accompanying drawings in which like reference numerals indicate like parts and steps throughout the several views.

20 Figure 1 is a block diagram/flow chart of an
electronic point of sale tax reporting and automatic
collection system according to a first embodiment of this

invention. The system and method as set forth in Figures 1-3 begins at retailer location 10 with the consumer at step 3 where the consumer purchases an item (good or service) from the retailer and pays the appropriate sales 5 tax due on the transaction. When the consumer brings an item to be purchased to retailer check-out register 8, the retailer rings up the sale amount in step 5 by way of the register. Register 8 in step 5 calculates the total sale amount including the cost of the good or service 10 being purchased and the sales tax due on the transaction. The retailer informs the consumer of the total cost of the transaction and the consumer subsequently pays both the sales price and the sales tax due to the retailer. After the retailer is paid, the retailer issues receipt 6 15 (see Figure 2) to the consumer in step 7. Consumers are educated regarding the importance of asking for receipt 6 so as to ensure that the retailer documents and reports the collected sales tax.

Register 8, which may be a combination conventional 20 programmable electronic cash register and tax register, or alternatively a conventional electronic cash register connected to a separate and independent programmable

electronic tax register, processes and summarizes each transaction in step 9. In summarizing each transaction, register 8 processes the total amount of money received by the retailer from the consumer, this including the 5 sales tax collected and the base transaction amount. Periodically, at the end of each day for example, register 8 causes a printer to output a summary list of all transactions in step 11, this list including a summed total of sales tax collected by the retailer as well as a 10 sum total of base transaction money received from consumers by the retailer.

For example, register 8 may be a tax-modified (via chip, hardware, and/or software technology) Omron Vantage 7000 PC-based point-of-sale system which is a turnkey 15 hardware solution built around an upgradeable 486SX 25 MHZ processor. The system has a POS keyboard with integrated credit card reader and bar code decoder, receipt printer, VGA monitor, and cash drawer. The software may be modified to perform the tax and retail 20 tasks set forth herein.

Retailer register 8 is in communication with computer 13 which is disposed at remote location 12 as

set forth in Figure 3(a). Any type of conventional communication link (e.g. satellite, phone line, T1, microwave, fiber optic, etc.) may be disposed between register 8 and computer 13. Computer 13 may, for example, be located at a state treasury office or other state government taxing authority. Register 8 forwards the amount of sales tax collected by the retailer to computer 13. Register 8 may either forward such sales tax data to computer 13 at the end of or during each transaction, or alternatively it may sum sales tax collected and base transaction amounts collected and store them in memory 15 and then periodically (e.g. at the end of each day) output the summed totals to computer 13 in accordance with its programmed instructions.

Computer 13 receives the forwarded sales tax data and optionally the base transaction data from retailer register 8 in step 17 and stores this information in memory 19, memory 19 preferably being located at the same remote location 12 as computer 13. After computer 13 receives and stores the tax and transaction data, it accesses retailer bank account 21 in steps 23 and 25 for the purpose of debiting account 21 an amount equal to the

sales tax collected by the retailer from consumers (e.g. debit the amount collected the previous day). Computer 13 may access retailer bank account 21 periodically (e.g. on a daily basis), or alternatively after or during each 5 sales transaction recorded and/or processed by register 8, this, of course, depending upon whether register 8 is forwarding the transaction and sales tax data to computer 13 in a periodic or immediate real time manner.

For retail operations where tips are customary the 10 tax register 8 may be programmed to accept and report tip information to location 12. Accordingly, collected tip money is automatically reported to the taxing authorities.

After computer 13 accesses retailer bank account 21 15 in step 23, the account is charged in step 25 an amount corresponding to the retailer tax data received from register 8 by computer 13 and stored in memory 19. By accessing a bank or checking account of the retailer, the remote location 12 (e.g. state taxing authority) 20 automatically receives from retailer account 25 in step 27 the amount of sales tax collected by the retailer thereby preventing the retailer from unintentionally not

turning over the collected tax to the appropriate authorities. Retail register 8 thus is caused to automatically report all sales transactions and sales tax collected by the retailer to computer 13 and memory 19.

- 5 When remote location 12 receives such transaction and sales tax data, it accesses retailer bank account 21 and causes the account to be debited an amount corresponding to the sales tax collected by the retailer. Conventional electronic fund transfer techniques may be utilized to
- 10 debit retailer account 21.

Computer 13 is also in communication with CPU 31 via any type of conventional communication link. CPU 31 is preferably located at another remote location 33, which is representative of the Internal Revenue Service (IRS).
15 according to certain embodiments of this invention.

Computer 13 summarizes and forwards all annual transaction data, and optionally sales tax data, to CPU 31 so that the IRS receives such information in step 35. Accordingly, the IRS is informed (via Form 1099) of the
20 retailer's annual total gross income thereby ensuring that the retailer efficiently and automatically declares all transactions for tax purposes. CPU 31 is in

communication with memory 37 so that consumer transaction and sales tax data can be stored at the IRS in memory 37 for later access. It is noted that local area networks (LANs) may be provided at locations 10, 12, and 33 5 thereby allowing the system to efficiently and quickly function via conventional computer communication techniques.

Conventional electronic data interchange (EDI) technology or network centric computing may be used for 10 the purpose of allowing register 8 to communicate with computer 13. Network centric computing allows the taxing authorities to record and collect the tax electronically. EDI is a known means of electronically exchanging 15 information in a standard format from one computer to another. EDI is easily implemented in mainframe, minicomputer, PC, and LAN environments. Using EDI, documents and/or other data are transferred from the sender's computer mailbox to that of the recipient, such documents or information (e.g. transaction data, sales 20 tax data, etc.) being either sent directly or through a value-added network (VAN). Value-added networks are typically third party provisions offering fee-based

services such as connections and protocol (e.g. TCP/IP) conversions, such networks routing each transaction to the appropriate electronic mailbox where the information stays until the other party downloads. Thus, EDI may be
5 used as a way in which it allows register 8 to forward all of its transaction and sales tax data to computer 13 located at the remote site 12. As will be recognized by those of skill in the art, EDI may also be utilized between computer 13 and CPU 31 so as to simplify and
10 efficiently manage the communication networks according to the different embodiments of this invention.

An optional feature of this embodiment is the provision of verifying computer 41 at location 12 for the purpose of allowing consumers and/or other interested
15 parties to verify that particular retailer transaction(s) were reported to locations 12 and 33 (e.g. state taxing authority and IRS respectively). For example, a consumer may verify in step 43 that his or her transaction was reported by the retailer to the appropriate authorities
20 by calling an 800 number in step 45. The 800 number provides the consumer access to verifying computer 41 by way of telephone line 49 so that via conventional DTMF

coding technology the consumer can request verification in step 51 that a particular transaction(s) has, in fact, been reported.

Figure 2 illustrates an exemplary receipt 6 which 5 may be provided to the consumer from the retailer in step 7, receipt 6 being printed by retailer printer 59. As shown, customer or consumer receipt 6 has listed thereon the base sale amount 53, the amount of sales tax collected on the base transaction 55, and optionally a 10 transaction number 57. Although not shown, the total transaction cost may also be printed on the receipt, with the base transaction amount 53 and the sales tax collected 55 being summed together by register 8 to come up with the total amount of the transaction. Optionally 15 listed on the receipt is a telephone number which allows consumers to access verifying computer 41 in order to confirm that particular transactions (identified by transaction number 57) have been reported to the appropriate authorities as set forth above.

20 Retailer location 10, as illustrated in Figure 3(a), includes retailer register 8, memory 15, printer 59, credit card scanner 61, and optionally computer 63.

Retail register 8, made up of one or more registers, is connected to printer 59, with the printer either being integrally formed with the register or remotely located therefrom at the retailer location. Printer 59 operates

- 5 to print consumer receipt 6 in step 7 as well as to output summary lists of transaction and sales tax amounts for the retailer in step 11.

Conventional memory 15 is provided so that retailer register 8 can store and optionally sum base transaction 10 amounts 53, collected sales tax amounts 55, and total sale amounts (including the base transaction amount added to the receipt sales tax amount). Such transaction and sales tax data stored in memory 15 can then be periodically accessed by register 8 and forwarded to 15 computer 13.

Conventional credit card scanner 61, which is either integrally formed with register 8 or separate and independent with respect thereto, is provided so as to allow consumers to pay the retailer at location 10 by way 20 of credit or debit card in a known manner. Scanner 61 is in communication with credit card verifying source(s) 63 via conventional telephone line(s) so that scanner 61 may

check input credit card numbers to ensure their validity.

The "or" block 65 illustrated in Figure 3(a) is provided so as to illustrate the fact that if credit card scanner 61 is separate and independent from register 8, then

5 scanner 61 is directly in communication with credit card verifying source 63, but when scanner 61 and register 8 are integrally formed as one unit the register (and scanner) is in communication with the verifying source 63.

10 Another optional feature according to this embodiment is the provision of computer 63 at retailer location 10. Depending upon the programmability of register 8, it may be necessary for a retailer to be provided with computer 63 for the purpose of processing 15 base transaction costs, total costs, sales tax data, and/or storing and forwarding same to computer 13.

Although not illustrated, another option to this embodiment is the provision of a plurality of mainframe computers disposed throughout a state for example, such 20 mainframes being connected between computer 13 and the numerous retailers 10 spread throughout the state. Each mainframe when provided is responsible for gathering tax

data and consumer transaction data from retailers,
sorting the information and forwarding same to computer
13 at location 12. In such a manner, the burden placed
upon computer 13 with respect to receiving, sorting, and
5 storing transaction and tax data would be lessened with
the mainframes taking on much of this burden.

Figure 3(b) is a flow chart illustrating steps taken
by register 8 and computer 13. When a consumer purchases
an item from a retailer, the sales transaction data is
10 processed in step 67 and the sales tax calculated by
register 8 in 69. After payment is received by the
retailer from the consumer and receipt 6 is printed in
step 71, the transaction amount (absent sales tax) and
the sales tax paid on the transaction are each forwarded
15 by register 8 to computer 13 in step 73, register 8
having PC capabilities according to certain embodiments.

After computer 13 receives the transaction amount
data and sales tax data in step 73, computer 13 accesses
the memory slot within memory 19 designated for the
20 particular retailer identified. Computer 13 then causes
the transaction and sales tax data to be summed with like
data stored in that slot in step 75 so as to keep a

running tabulation on the amount of sales tax and transaction fees collected by that particular retailer.

Figures 4-5 are block diagram/flow charts of a manual point of sale tax reporting and automatic collection system according to a second embodiment of this invention. According to this embodiment, a declining register, similar to a conventional Pitney-Bowes postage stamp meter, is utilized. The process begins in step 77 with the retailer taking its assigned declining register to a government sales tax office or electronic credit machine. At such an office or machine, the retailer pre-pays the state a particular amount of sales tax credit, with the state then in step 79 crediting and stocking the retailer's declining register with the amount pre-paid. Thus, the retailer leaves having prepaid a particular amount of sales tax in step 81, this amount not yet having been received by the retailer from consumers.

When a transaction occurs and a consumer purchases a particular item upon which sales tax is to be collected, the consumer pays the sales tax in step 83 and thereafter the retailer issues an official tax receipt in step 85.

The declining register is used to "stamp" the amount of sales tax collected onto the receipt which is then given to the consumer. When the declining register prints the receipt, its balance declines in step 87 (as with conventional declining postage meters) until finally, after a plurality of consumer purchases and retailer receipts stamps, the register zeros out in step 89. Thereafter, the retailer takes his declining register back to the sales tax office or electronic credit machine and repeats step 77 and those following. Each time a retailer's declining register is credited with a particular pre-paid sales tax amount, the state stores and keeps a summary of all credited receipts and tax credits in step 91. Therefore, both the state and the IRS are provided annually with the total sum of sales tax collected (i.e. credited) by each retailer in step 93.

Figure 5 is a block diagram/flow chart which more particularly illustrates the steps taken by the retailer using the declining register in the Figure 4 embodiment of this invention. At every transaction upon which sales tax is to be paid, the declining register is first keyed for the particular sales tax collected on the base

transaction amount in step 95. In accordance with conventional declining register devices, the sales tax amount is deducted from the remaining balance in the machine in step 97. The machine issues a sales tax paid 5 receipt in step 98, this receipt being imprinted with a state owned indicia and indicating the amount of sales tax collected by the retailer from the consumer. Receipt 99, which may or may not also include the total sale amount and/or the base transaction amount, is attached to 10 the consumer's invoice in step 101.

Figure 6 is block diagram/flow chart according to an embodiment of this invention wherein tax (e.g. "use tax") on sales made over the Internet, catalog, world wide web, direct mail, etc. 216, is automatically charged to the 15 buyer or customer, and reported to the IRS and forwarded to the appropriate State Treasury based on the location of the customer (i.e. where the goods are to be shipped). As shown in Figure 6, when a buyer or customer wishes to purchase a product over the Internet 216, for example, 20 the buyer or consumer first uses communication link 216 (e.g. packet switched digital data network) and makes the purchase at 201 (e.g. via direct mail, catalog order,

Internet, etc.). After the consumer has made the purchase, the transaction (i.e. the purchase) is recorded on tax register 8 at the retailer location at 203. Thereafter, tax register 8 calculates the sales tax or 5 "use tax" based on the destination of the goods at 205. For example, if the consumer or buyer is located in Virginia and the purchased goods are requested by the consumer to be shipped there from a New York retailer, tax register 8 at 205 calculates the Virginia use tax to 10 be charged against the consumer's account or credit card. After this tax has been calculated at 205, the consumer is given a receipt 7 via the Internet, direct mail, or simply by regular U.S. Mail 216. After the tax has been calculated at 205, the retailer ships the purchased goods 15 to the consumer and initiates a credit card transaction at 207, given the fact that the consumer has purchased the goods with a credit card. In step 207, tax register 8 instructs the system and coordinates the credit card transaction via a modem which is in communication with 20 the credit card company. Thus, the credit card company at 209 charges the credit card of the consumer with both

the sales price and the tax (e.g. use tax or just sales tax if the goods are not being shipped out-of-state).

Still referring to Figure 6, after the credit card transaction has been completed, the amount of the sale is
5 dispersed to the retailer at 211 via network 216 and tax register 8 reports the sales transaction to the State and/or IRS at 213. While tax register 8 reports to the State and IRS, the credit card company disperses the tax funds charged the consumer to the State and/or IRS at 214
10 via network 216. At 215, the appropriate State Treasury (e.g. Virginia) receives the tax calculated in step 205 over the Internet, modem, etc., while at step 35, the IRS receives the gross income summary form 1099 via network 216. Network 216 may be the Internet throughout the
15 entire Figure 6 system or, alternatively, may be partially the Internet (packet switched network) and otherwise via the public switched telephone network (PSTN) or the like.

In a manner consistent with Figure 6, appropriate
20 State and Federal Government Agencies automatically receive their tax information, including use tax and sales tax dollars, when consumers purchase goods or

products over the Internet, via catalog, direct mail, televised shopping clubs, etc. 216 where enforcement of "use tax" payment is otherwise difficult given conventional systems. In sum, the Figure 6 system is an 5 improvement over the prior art which will permit governments to save large quantities of tax dollars, and will allow consumers and retailers to avoid costly tax preparation.

In certain embodiments, the invention relates 10 to all purchases from consumers that use a credit or debit card or any form of electronic payment. Anything that is bought whether at the local store, over the phone or through the mail or e-commerce, and a credit or debit card is used to make payment, the tax may be charged to 15 the buyer at the point of sale and routed directly or indirectly to the appropriate state bank (e.g. handling the credit card account or the like) or other monetary or tax authority. Thus, in certain embodiments, this invention covers routing of any and all taxes (of all 20 kinds) from the point of sale or purchase directly from the buyer to the government (or alternatively indirectly). This may include interstate fuel taxes or

other tariffs and duties. Also included are credit cards, debit cards, checkfree systems and electronic fund transfers.

In certain embodiments of this invention, a credit card payment and/or collection may be split up or divided into multiple segments or pieces. For example, a point of sale credit card payment system (e.g. see Fig. 7) can allow multiple payments to be made to various payees from a single credit card transaction or any other form of electronic payment. Software, firmware, or hardware located at a consumer location or offsite determines the amount of commissions, travel agency fees, auction fees, or any other fees incidental to the transaction due to a third or other party. During the time of transaction when payment is being made by a credit card or any other form of electronic payment the fees and/or payment(s) due to third party(ies) are separately identified and, based upon instructions from the software, are paid directly by the credit card company to those third parties entitled to receive payment.

In this Figure 7 embodiment, payment is made to multiple payees from one or more credit card transactions

(from a single credit card transaction in certain preferred embodiments) or any other form of electronically generated payment. To begin with, the customer purchases a product of service at 301 via the

5 Internet, direct mail, or any other type of remote electronic commerce. The customer is located remote from the merchant, but may communicate therewith via the Internet or the like. At step 302, a tax register or any other device (including software or firmware therein)

10 computes commissions, royalties, license fees, and/or any other fee(s) due to third party(ies) from the purchase described above. These third party payments are identified, and made known to billing software in a computer (e.g. in computer 63 in Fig. 3(a) or a computer

15 within tax register 5, 8). Billing software of the merchant in step 303 then computes the total price of the product or service purchased in step 301, plus any taxes, freight, or other fees, and then charges this total price to the customer's credit card in step 303. In step 304,

20 the billing software creates multiple credits due to multiple different parties from this single credit card transaction, and instructs the credit card company to

make the various payments to the entities shown in Figure 7. For example, the credit card company may then pay the retailer or vendor 305 the amount due to it for the transaction, such payment being made by the credit card 5 company via the Internet, mail, electronic mail, or any other suitable method. Based upon the same transaction, the credit card company may then also pay any royalty or licensing fees due to any third party 306, any commission fees due to any sales agent or broker 307, any use or 10 sales tax due to any governmental agency at 308, and/or withhold taxes on tips charged to a credit card 309, in accordance with any embodiment described or shown herein. Each of these payments by the credit card company may be made via the Internet, mail, electronic mail, or any 15 other suitable method.

In certain embodiments, merchants herein may be paid in real time commissions or the like that they are owed. In certain embodiments, the software at the merchant location can allow the merchant to be paid in 20 approximately real time for any commissions of anything else due to it. Also, other third parties may also be

paid in real time for commission, royalties or other fees they are owed for the transaction.

For example, blank.com receives a 15% commission on airline tickets that it sells via the Internet to 5 consumers who purchase them with a credit card. Thus, at least one computer at blank.com will total up the amount due to be paid by the consumer and charge that amount to the consumer's credit card (e.g. via the Internet, electronic mail, or any other method). If the total 10 amount paid by the customer was \$100.00; then the computer at blank.com would calculate that blank.com was owed \$15.00 from the transaction. Thus, this system allows blank.com to collects its commission at the point of sale in some embodiments, thereby avoiding having to 15 account for and pay over on the entire transaction. In certain embodiments, merchants herein may be paid in real time commissions or the like that they are owed.

Once given the above disclosure, therefore, various other modifications, features, or improvements will 20 become apparent to the skilled artisan. Such other features, modifications, and improvements are thus

considered a part of this invention, the scope of which
is to be determined by the following claims.